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Industrial Development Board

Twelfth session

SUMMARY RECORD OF THE 3rd MEETING

Held at the Vienna International Centre, Vienna,
on Tuesday, 10 May 1994, at 10 a.m.

President: Mr. ARCILLA (Philippines)
later: Mr. WEJTKO (Poland)

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The meeting was called to order at 10.10 a.m.

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 1993 ON THE ACTIVITIES OF THE ORGANIZATION (continued) (IDB.12/2; IDB.12/CRP.2)

UNIDO TECHNICAL COOPERATION ACTIVITIES IN 1993 (continued) (IDB.12/8; IDB.12/CRP.1)

FUTURE POLICY FRAMEWORK OF UNIDO - ORGANIZATIONAL AND STAFF STRUCTURE (continued) (IDB.12/5; IDB.12/CRP.4)

OPERATIONAL ACTIVITIES FOR DEVELOPMENT (continued) (IDB.12/9)

1. Mr. BAKSHI (India) said that his Government attached great importance to UNIDO's work, particularly following the Yaoundé Conference, and had been glad to note that the Organization had emerged from a serious crisis in which its credibility had been eroded. It wished to express its appreciation for the reforms carried out and for the Director-General's intention to introduce a new work culture, greater accountability and improved quality. His Government looked forward to participating actively in all discussions concerning the continued improvement of UNIDO and believed in the importance of regular and comprehensive briefings, welcoming the suggestion that the Director-General might hold monthly briefings for different geographical groups.

2. The annual report for 1993 was an improvement over those of previous years, although further efforts needed to be made to improve its form and content. His Government welcomed the frank assessment of the quality of UNIDO projects in chapter II and the efforts under way to improve quality management. But it was deeply concerned about the decline of 9.4 per cent in technical cooperation delivery to an amount in United States dollars equivalent to that of 1987. The need to industrialize the developing countries had not declined - on the contrary. India had noted that projects were to be executed more frequently at the national level, but believed that greater efforts should be made to mobilize funds for industrial cooperation among Governments, financial institutions and the private sector. It hoped that the Industrial Cooperation and Funds Mobilization Division would take up that challenge and called upon Member States and financial institutions to make greater use of UNIDO's capacities in industrial development and restructuring.

3. His Government had continued its economic reforms aimed at achieving strong and sustainable growth. Dramatic progress had been made over the past two years, with foreign currency reserves multiplied by 15, exports increased by 21 per cent

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and the trade deficit virtually wiped out. The exchange rate of the Indian rupee had been stabilized and foreign investment considerably increased; overall economic growth had amounted to 4 per cent for the past two years, while inflation and unemployment had declined.

4. His Government had taken steps to stimulate industrial growth during the current year by reducing income tax and customs tariffs, removing import duties on raw materials and components and introducing specific measures to stimulate growth in a large number of major industries. Tax incentives had been increased to encourage donations for scientific research and development. The agricultural sector had always been strong and the climate for investment in it had vastly improved.

5. As part of the integrated investment programme being implemented with UNIDO, an investment forum, "INVESMART", had been held in New Delhi the previous month. Special emphasis had been laid on investment and technology transfer to small and medium-sized industries in order to improve efficiency and competitivity and create employment. Some 250 projects in five industrial subsectors had been identified for promotion. The forum had been attended by over 200 foreign participants and a large number of Indian businessmen. The follow-up to it was most encouraging. An investment and technology forum would be held in India towards the end of the current year.

6. His Government proposed to evaluate the experience gained in India and make suggestions for improving investment forums. It could already suggest that UNIDO's network of IPS offices should be strengthened and revitalized, that its data bank on potential investors should be shared more freely with interested developing countries and that individual business meetings should be organized in such a way that participants actually carried out business negotiations.

7. As a recipient of UNIDO's technical cooperation activities, India was benefiting from a large number of projects implemented by the Organization. As a donor, its contribution to the general-purpose convertible-currency segment of the Industrial Development Fund was one of the highest, a fact which brought out its full belief in the key role played by the IDF in supporting industrial growth.

8. New areas of cooperation with UNIDO were emerging, and India would greatly welcome UNIDO's assistance in the protection of the environment and the transfer of clean technologies. It was currently discussing a major project aimed at reducing pollution in the neighbourhood of the historic Taj Mahal, which was threatened by damage owing to air pollution. It would welcome further support for such projects, which it felt could also be beneficial in other parts of the world in which rapid industrial growth threatened the cultural heritage.

9. A joint India-UNIDO working group had recently been set up to work out recommendations for future cooperation, and that approach could lead to a long-term framework of cooperation between India and UNIDO with a clearly defined and coherent programme and strategy.

10. India welcomed the efforts made to improve the quality of UNIDO's technical cooperation activities. It must be realized, however, that quality could not possibly improve overnight. While mechanisms for improving quality should be introduced, the needs and limitations of policy makers in beneficiary countries should also be taken into account. Guidelines for the improvement of quality should be simple and easy to understand. They should be realistic and take into account the infrastructure and information facilities in recipient countries. The Secretariat should hold regular consultations with both donor and recipient Member States about issues related to quality management.

11. Document IDB.12/5 and the Director-General's introductory statement to the Board showed that considerable progress had been made in revitalizing and reforming the Organization. India hoped that UNIDO would now concentrate on delivering high-quality technical cooperation and wished to see the best use made of existing staff resources and increased use of qualified personnel from developing countries in the senior levels of the Secretariat.

12. With regard to the specific item of home leave, his delegation believed that UNIDO should make bookings at the lowest available rates. The lump-sum option of 80 per cent in the Staff Rules should be carefully reviewed by the Secretariat in consultation with other specialized agencies and with staff representatives with a view to achieving the greatest economy. It hoped that appropriate proposals would be submitted rapidly and implemented by the end of the year.

13. India had noted UNIDO's efforts to coordinate its field representation with that of the United Nations system as a whole and looked forward to receiving proposals for that purpose. It hoped that UNIDO would participate actively in meetings with UNDP concerning the relationship between Resident Representatives, Resident Coordinators and UNIDO field staff.

14. Mr. DAHAL (Observer for Nepal) said that the challenge facing UNIDO at the moment was to promote the industrialization of all the least developed countries. Their economic situation was not encouraging: the real average per capita growth rate of GDP was only 0.1 per cent, and many countries were experiencing negative growth. Action was urgently needed to implement the plans designed to speed up development in the least developed countries, and in particular the recommendations of the Yaoundé Symposium on LDCs. The LDCs for their part should adopt appropriate micro-economic policies to promote the efficiency and competitivity of their industrial sectors, and bilateral and multilateral cooperation should support those policies through human resource development, the transfer of technology and the sharing of information.

15. To attain those goals Nepal itself had recently adopted new industrial and foreign investment policies based on liberal principles. The Government was acting to cope with the global policy of liberalization. Prominence was being given to the role of the private sector in the industrialization of the country. Due regard was being paid to the role of foreign investment and the transfer of technology in promoting industry and in giving the country access to international markets. The Government was committed to a policy of non-interference - private sector investment had announced a series of measures to promote export-oriented industries and industries producing substitutes for imported products.

16. Nepal was making great efforts to restructure its industrial and technological base, but its acute shortage of resources was hampering it severely. It suffered mainly from a lack of skilled manpower, adequate investment resources and technology and hoped for international support to overcome those deficiencies. UNIDO could be of crucial assistance to it in generating such support from both bilateral and multilateral sources.

17. His country welcomed the assistance provided to it by UNIDO in the organization of an investment forum in 1992, the development of industrial data systems and the strengthening of analytical capacities at its standards institute, and also the continuing support it provided in industrial pollution control and the development of agro-industries. It placed high hopes on the impact which the new UNIDO Office in Nepal would have on industrial development.

18. It was in fact only through industrialization that poverty could be overcome and the environment protected. UNIDO's work was therefore of the utmost importance in promoting global economic betterment with a special focus on the LDCs.

19. Mr. YESUFU (Nigeria) expressed his country's appreciation for the annual report and commended the Director-General on his efforts to restore confidence in the Organization. His country hoped that, as part of the process of reform, efforts would be made to recruit competent professionals from Africa and action taken to meet the special needs of the African continent. It was satisfied with the progress made in meeting the goals set by the Organization in spite of current financial constraints and hoped that UNIDO would continue to serve as a centre of excellence and a source of information on development.

20. Recent trends in the world economy seemed to bode well for UNIDO's goal of promoting industrialization in the developing countries. The gradual recovery in the economies of the industrialized countries would, if sustained, be welcomed by African countries, although they would be able to reap the benefits of that recovery only if helped to restructure their own economies. They had solemnly undertaken to make their industrial sectors competitive and to expand the role of the private sector in the industrialization process, and they wished once again to request the international community to commit additional resources for industrial development in Africa.

21. Nigeria was particularly interested in the new challenges arising from the conclusion of the Uruguay Round. The elimination of trade barriers would benefit African development only if the present overwhelming debt burden was lifted. The debt burden hampered human resources development programmes and institutional capacity building. Nigeria urged UNIDO to consult multilateral financial institutions and creditor countries with a view to finding approaches that would reduce the impact of the debt burden on the industrialization of the developing countries.

22. The Second IDDA constituted the most important framework for speeding up the industrialization of African countries. African Governments had undertaken to create the climate required to foster initiative and private enterprise and their efforts were being complemented by action for subregional and regional economic integration. The main obstacle that the First IDDA had come up against was the insufficient inflow of resources into Africa. Nigeria wished to urge its partners in development and the international community to intensify their cooperation with Africa in order to ensure the success of the programme and hoped that UNIDO would continue to mobilize support for it.

23. The quality management system of UNIDO was still at the centre of the debate concerning the improvement of its technical cooperation activities. His country supported the suggestion to focus on the quality of projects from the design to the implementation stage. That approach should not be considered as an end in itself, however; the different levels of development in Member States should be borne in mind in project evaluation.

24. With regard to operational activities for development and strategies for coordination within the United Nations system, Nigeria wished to stress the need to strengthen technical and other support activities within the Organization, so as to enable it to provide the developing countries with the assistance they needed in implementing their development projects. It welcomed the recent trends in its cooperation with UNIDO on projects in Nigeria and, to demonstrate its interest, had paid the counterpart contribution on those projects and looked forward to their early completion. It wished to see UNIDO's role in Nigeria reinforced and hence was interested in its field representation in the country. Its private sector was vigorous and deserved more active support from UNIDO, support which could best be provided by a strong field office. It looked forward to the establishment of regional offices to coordinate UNIDO activities in Member States.

25. Finally, his country was fully committed to strengthening cooperation with UNIDO, for it fully appreciated the Organization's valuable contribution to its industrialization process.

26. Mr. FRANÇAIS (Observer for UNDP) wished first of all, on behalf of its Administrator, to express UNDP's great interest in UNIDO's activities. Those activities, naturally, were being carried out in the context of the reforms proposed by the Director-General and approved by the General Conference the previous year, but also in the wider context of the reforms engaged in by the United Nations, at the request of its Member States and at the instance of its Secretary-General, to adapt the Organization to the new international environment.

27. UNDP was also affected by the reform process. The challenges facing the world today, the increase in tensions and imbalances and the need for appropriate responses called for changes and reforms which UNDP could not afford to ignore. The changes were called for by the changes in the world. It was more imperative than ever before to tackle poverty and social exclusion, the destruction of resources and the environment and, generally speaking, all the factors that contributed to aggravating social tensions and accentuating civil and international conflicts. The changes were also called for by the expectations of the international community, which hoped that the entire United Nations system would be shaped more closely into a powerful and effective instrument at the service of peace and development. It was more necessary than ever before that the United Nations and the institutions cooperating with it work together to attain the global objectives set by the international community and

that their efforts be reflected at the grass-roots level by coherent and visible activities.

28. Those two requirements were at the basis of the reforms which the new Administrator intended to make, reforms mainly aimed at refocusing UNDP activities on the concept of sustainable human development and at improving the services it offered to the United Nations system through its network of field offices.

29. The three main objectives to be attained through the reorganization of its work were therefore, firstly, that of significantly strengthening cooperation for development by transforming UNDP into a centre for new ideas that would be recognized for the quality of its conceptual work, secondly, that of serving the United Nations system by uniting all its organizations around the shared project of sustainable human development and, lastly, that of responding to the most urgent needs of the countries they served, by concentrating and targeting UNDP activities on the areas most likely to produce the changes hoped for.

30. It seemed important to bring together the whole United Nations system in a joint effort to prepare such a major project of sustainable human development. UNDP had therefore recently contacted the principal specialized agencies, including UNIDO, and proposed that a joint working group be set up to identify potential areas of cooperation and to define the bases for a new partnership. The Administrator had also discussed the matter with the heads of many specialized agencies at the recent meeting of the ACC.

31. Pending the creation of such a working group, it seemed clear that cooperation with UNIDO might be carried out at three levels. First of all, at the conceptual level, global problems might be analysed and possible responses identified in the context of further thinking on the questions discussed in the UNDP annual report on human development. Secondly, at the operational level, the frameworks and processes which would enable the conceptual approach to be given concrete form at the national, regional and global levels might be formulated through missions for study, consultation or formulation of strategies which might be financed by technical support at the programme level. Thirdly, at the level of traditional technical cooperation, operational programmes might be implemented, including the mobilization of expertise and transfers of technology with a view to giving practical effect to the general approach in the areas which were considered most critical and whose financing would probably fall increasingly into the framework of cooperation agreements signed by national authorities before the programmes were carried out.

32. Such a partnership should naturally cover UNIDO's fields of expertise, those in which it was in the best position to make its contribution to the project. It would, of course, be for the proposed working group to identify the specific areas in which such an approach might be developed. UNDP had in mind in particular the areas in which, on account of industry's place in the world economy, its leading role in bringing about changes in the processes of growth and in social changes and the consequences it had on the environment, employment and ways of life, it would be desirable to discuss its contribution to sustainable human development. Such areas might, at the conceptual level, involve global and future-oriented thinking on the role and place of industry in the world and might, inter alia, include the identification of products and technologies holding promise for the future, the phenomena of industrial delocalization, the processes of restructuring and internationalization of industry and their effects on employment.

33. At the operational level, it might be considered that UNIDO could participate actively in national planning or programming exercises likely to be undertaken to support the aim of sustainable human development, exercises in which industrialization programmes and processes could be studied from the point of view of the priorities set for sustainable human development, but also from that of their social consequences and their effects on the environment. At the technical cooperationl level, UNDP hoped that the approach would be as practical as possible with the objective of identifying and developing certain coherent modules for every field of cooperation agreed upon, modules of a sort that could be integrated, to varying degrees and according to needs, into the sustainable human development plans and programmes which might be promoted at the national level.

34. For example, such modules could cover implementation of the recommendations of Agenda 21 concerning industrial pollution, the preparation and implementation of industrial policies accompanying sustainable human development for the attainment of priority social objectives in areas such as those of food, housing, health or the identification and promotion of technologies and of alternative production processes in the light of the priorities of sustainable human development.

35. All those examples of cooperation were, of course, no more than theoretical illustrations of possible activities for sustainable human development which the proposed working group would be called on to identify. They did, however, illustrate the nature of UNDP's concerns while suggesting possible directions for future cooperation.

36. Mr. CHAOUCH (Tunisia) expressed his delegation's support for the ideas and proposals contained in the annual report of the Director-General for 1993. The need for reform should not obscure the needs of the developing countries, especially in Africa and in the Arab world. UNIDO's expertise should be raised to a level where it would enable enterprises in those countries to face up to international competition. In the light of ongoing changes in the international economy, the developing countries were anxious for the success of UNIDO's restructuring effort and of its drive for increased efficiency. In the new environment for international trade, and with the establishment of the International Trade Organization, activities for industrial development should be coordinated and adjusted to the new international guidelines governing trade in goods and services. In addition to their quantitative needs for investment development, the developing countries were also urgently in need of qualitative action to upgrade their existing industrial potential and enable them to achieve international efficiency. To ensure that its industrial development policies were pursued economically and effectively, UNIDO should endeavour to coordinate and negotiate them with other specialized agencies, such as the new ITO.

37. Mr. KRAMER (Netherlands) associated his delegation with the statement made by the

representative of Denmark on behalf of the Nordic Group. The entire reform process could be put at risk if attempts by Member States to intervene in personnel decisions were to produce results different from those intended by the Director-General. Any consultations which took place with Member States concerning personnel matters should be primarily at the initiative of the Director-General. Such consultations should be informative in character, with the aim of improving the quality of the staff. The staff were UNIDO's most important asset, and staff quality should be its first priority.

38. Mr. PUTHO (Thailand), referring to UNIDO technical cooperation activities in 1993 (IDB.12/8), urged the Secretariat to emphasize the quality standards of technical cooperation projects, with an eye to their relevance, cost-effectiveness and sustainability, in the terms defined by the fifth session of the General Conference. At the moment, project documents were often diffuse and difficult for the recipient countries to understand, and project approvals were taking far too long. The delegation of authority for project approval should be streamlined in order to shorten the approval process, and projects should be implemented on time, as desired by the recipient countries.

39. Turning to the future policy framework of UNIDO, and its organizational and staff structure (IDB.12/5, IDB.12/CRP.4), he noted with appreciation the considerable progress made in the restructuring of UNIDO. His delegation fully supported the changes in the organizational structure, as well as the reform of administrative and management procedures since the fifth session of the General Conference. Once the process of revitalization was complete, he hoped the Organization's potential would be further developed for the benefit of Member States. The idea of bringing in new blood to the Organization was to be welcomed, as long as the principle of ensuring competence, efficiency and integrity was observed by the Secretariat, along with the principle of equitable geographical distribution at the Professional levels and above.

40. With regard to operational activities for development (IDB.12/9) he commended the Secretariat on the success of several activities. He was concerned, however, at the significant cost overrun which had occurred when the administration of UCD offices had been transferred to UNIDO in 1989. The question of the UCD programme should be brought to the attention of UNDP, with a view to its reconsidering its financial support for UNIDO, so that UCD posts could be maintained at the current level. He urged the developed countries to step up their support to JPOs in the developing countries and to cooperate fully with the UNIDO Secretariat in offsetting the negative impact of income shortfalls. As for the question of further cost reductions in the Secretariat, he hoped the Director-General would rationalize the system of home leave entitlements for Professional staff members, with a view to making savings. A draft decision had been tabled by the Asian Group to that effect.

41. Mrs. GRADIN (Sweden) said that although it was much too early to judge the progress of the administrative reform over the past few months, her delegation was pleased with what it had seen so far and would encourage the Director-General to continue on his course. The annual report for 1993 was a massive document, reflecting the amount of work which had gone into it. She hoped that next time it would appear in a more concise and analytical form. On the question of evaluation (paras. 15-19), she expressed concern at the sharp decline in the quality of projects, especially at a time when UNIDO was called upon to display increased effectiveness and efficiency. She could not accept the explanation proffered for the slump in effectiveness, namely, that the programmes had been designed before the shift in policy towards private-sector development. The other reasons referred to in the report had certainly played a more decisive role. The erors made were typical of those which had occurred during the first two decades of United Nations development activity; in view of the experience accumulated, they should now be avoidable. The new Director-General was of course not responsible for the projects evaluated in the report, which had been designed and implemented before he took office. She hoped significant improvements would follow from the new Quality Management System.

42. Turning to the role of women, both as clients of UNIDO and as members of its staff, she pointed out that the fifth session of the General Conference had given the Organization a mandate to ensure that gender considerations were integrated into all UNIDO's activities. It would be possible to integrate women into industrial development in a variety of ways, such as by assisting rural women to become small-scale entrepreneurs or by giving management training to women who had already started on a career. UNIDO should have much to contribute to the Fourth World Conference on Women, and she hoped the Board would be given some idea of the nature of its contribution. The assessment of the Programme and Plan of Action for the Integration of Women 1990-1995, which had taken place at its midway stage during 1993, had revealed serious shortcomings in the programme. She asked the Director-General what specific measures had been taken to put the programme on the right track. As for the representation of women in the UNIDO Secretariat, there did not seem to be any real improvement. A target had been set some time ago for the representation of women at the Professional and higher levels throughout the United Nations system. Although UNIDO had set itself a lower target, it was still failing to reach it, and indeed UNIDO was probably the worst achiever in that respect in the entire United Nations system. Fresh recruitment to UNIDO now presented an opportunity to rectify the situation, and she hoped the Director-General would report on the progress made.

43. On the question of environment coordination (paras. 9-13), she pointed out that the fifth session of the General Conference had produced a clear mandate to UNIDO to integrate environmental concerns into all its operations. UNIDO had already established itself as a major partner in that field, not least in the crucial follow-up work to UNCED. The commitments made at UNCED required long-term planning and continuity to yield lasting results.

44. She appreciated the high level of activity in the area of human resource development, especially within management and the use of advanced technologies. UNIDO was also to be congratulated on its prompt response to the System-Wide Action Plan on Drug Abuse Control. A seminar on human resource development would shortly be taking place in

Sweden, to be attended by about 100 experts from mainly developing countries and international organizations. She hoped that meeting would give UNIDO fresh impetus for its future work in the field.

45. She concluded by welcoming the news that payments to the Organization's regular budget had shown signs of improvement during 1994. That was certainly a sign of growing confidence in UNIDO and in its Director-General.

46. Mr. ABDALLA (Sudan) said that UNIDO had a pioneering role to play in the changing international economic situation, exploiting the new administrative and financial potential created through the restructuring process. Increased international cooperation in industrial development was vital to prevent the gap between the developed and developing world from growing even wider.

47. UNIDO's future policies should focus on human resources development, rehabilitation of industry, especially medium- and small-scale enterprises, industrial investment programmes and privatization, giving priority to the developing countries, particularly the LDCs, which were dependent on UNIDO for advisory services on how best to implement their national privatization policies.

48. With regard to technical cooperation activities, he expressed concern at the low level of implementation of regional programmes, especially in Africa, which had the highest number of LDCs. Owing to a decline in the volume of UNDP funds available, only six projects, totalling $1.7 million, had been implemented out of a total of 103 projects, totalling $12 million, planned for 1993. If that trend continued, it would have an extremely adverse impact on the development efforts of the countries concerned.

49. The Sudan was actively cooperating with UNIDO in the framework of its national development plan, which ran until 2002. It was accelerating the pace of industrial development and liberalizing the national economy by introducing new economic models, reforming financial institutions and privatizing productive enterprises. It was organizing workshops and seminars on investment promotion and the encouragement of foreign capital investment in the private sector. A new investment law would provide the necessary incentives for such investment. The Sudan was also taking steps to strengthen agro-industries in cooperation with UNIDO. The success of its ambitious programme depended on the availability of resources, inputs and technical expertise.

50. In connection with the Second Industrial Development Decade for Africa (IDDA), he commended UNIDO's efforts to implement the programmes inspired by the Mauritius Declaration and the decisions taken by the Conference of African Ministers of Industry in May 1993. He was counting on further assistance from UNIDO for the attainment of the objectives of the Decade.

51. With regard to the restructuring process and the future policies of UNIDO, there had certainly been some improvements in the delivery of services and in technical cooperation since the Yaoundé General Conference. He trusted that the increase in financial resources would make it possible to sustain that trend.

52. The principle of equitable geographical representation meant that all regions of the world should be represented in the Secretariat, at both junior and senior levels, bearing in mind, of course, the need to ensure efficiency and competence.

53. Referring to item 10, he drew attention to the importance of strong UNIDO country representation, especially in the LDCs, as a channel for advisory services and liaison activities. He appealed to UNDP and the donor countries to make sufficient funds available for the continued operation of such offices or for an increase in their number.

54. Ms. WIIG (Norway) said that her delegation wished to encourage the Director-General to press ahead with action to reform UNIDO in the light of the Yaoundé recommendations, adding that such substantive reform needed to go hand in hand with a restructuring of the Secretariat. She joined her Swedish colleague in calling for an improvement in the representation of women in any such restructuring. It would be useful to hear more about the Director-General's priorities and goals for the activities of the Organization and his plans for moving towards more upstream activities by creating a centre of excellence for industrial development within UNIDO.

55. Norway and the other Nordic countries had actively supported reform of United Nations operational activities, in terms of intergovernmental machinery and also at the field level. Multilateral assistance through the United Nations system had suffered from fragmentation, lack of focus and failure to make best use of advantages. Scarce resources needed to be managed in a cost-effective way. Norway strongly favoured closer cooperation between United Nations organizations, including UNDP, and the Bretton Woods institutions at the field level. The development of a single country strategy was a welcome step in that direction. In countries where a national development framework existed, it should result in a more strategic approach with a stronger focus on key areas where the United Nations had an optimum impact. Norway also welcomed UNIDO's promotion of the programme approach and national execution.

56. To facilitate the implementation of the new mechanisms, there was a need for clear and consistent system-wide guidelines. Programming cycles needed to be harmonized, both within the United Nations system and in relation to government planning cycles.

57. A move towards common United Nations premises would greatly facilitate better teamwork in the field. Her delegation believed that the new UNDP budgetary practices, under which a larger portion of the local support costs of field representation would be borne by the agencies, would encourage rationalization and more efficient use of funds. The decentralization and delegation of authority inherent in the new system called for staff with the ability to enter into a new type of development dialogue as well as a new type of guidance from Headquarters.

58. Her delegation supported the practice of redeploying Headquarters staff to field posts. In general, a more consistent human resource policy, which would facilitate staff mobility and career development both within and among United Nations organizations should be considered. Her

delegation would also welcome the introduction of more competitive conditions of service for the staff and the adoption of personnel guidelines that took family situations and the special needs of women staff members into account.

59. United Nations General Assembly resolution 48/162 adopted in 1993 had given the Economic and Social Council an expanded role as a provider of policy guidance and a central coordinator of development activities throughout the United Nations system. The Council's forthcoming summer session would provide an opportunity for UNIDO and other agencies and Member States to put that resolution into practice.

60. Her delegation fully supported the emphasis on quality assurance in relation to technical cooperation activities. However, it would have liked to see how inter-agency cooperation at the field level was reflected in those activities, for example in an additional paragraph under the section entitled "Further action planned" in document IDB.12/8 on United Nations coordination and cooperation.

61. Mr. LATOUSKI (Belarus) was confident that the current session of the Board would serve to increase the effectiveness of UNIDO's activities in general and of the assistance provided by its various subdivisions to developing countries and to countries in transition to a market economy. The situation augured well for an improvement in the results of UNIDO's own programmes and investment projects and of those in which the Organization participated. He was glad to note, in the annual report for 1993, an increased level of activity on the part of the Organization, as reflected in projects implemented and in the increased industrial capacity of recipient countries.

62. Belarus, a country whose economy was in transition, attached importance to all the assistance received from UNIDO: financial assistance; consultancy, technical and other support to improve its legislative and institutional structures; help in developing private enterprise and in overcoming monopolistic practices; and help in developing human resources and in tackling environmental problems. The latter aspect was of particular importance to Belarus, because of the worsening pollution of its soil, air and water as a result of the Chernobyl disaster. The long-term impact of that disaster had not diminished in the last few years. He called upon the Organization to step up international efforts to attenuate its effects, in line with resolution GC.5/Res.17, which pointed out that the United Nations joint plan for Chernobyl could not yet be fully implemented owing to the lack of financial resources. He hoped the Director-General would take appropriate steps to remedy the situation, especially through the restructuring of industry in the area affected by the disaster.

63. Emphasizing the importance of the delivery of integrated technical assistance from UNIDO and other United Nations institutions, he called for efforts to be concentrated on the implementation of joint projects and programmes under UNIDO and UNDP auspices. The Director-General was adopting innovative approaches to the new functional tasks of the Organization, for instance by strengthening country representation in Member States. In that sense, he agreed with the statements made by the representatives of Austria and Japan. He also agreed with the Director-General that 1994 would prove a turning point in the restructuring of the Organization and that the new priorities and initiatives of a restructured UNIDO, to which the Director-General had referred, should not be confined to organizational reforms, but should extend to the spirit and purpose of its mandate, so as to enable it to respond to the demands placed on it. One of those new demands was for programmes for the restructuring of industry in countries with transitional economies. Such programmes should reflect the priorities highlighted by the Director-General, such as environmental protection and the inclusion of the energy sector in industrial restructuring programmes, to mitigate the harmful impact of that sector on the environment.

64. UNIDO should also focus on the development of the private sector of the economy; country surveys of industry; the preparation of recovery and business plans for individual industrial enterprises; and the organization of seminars and studies and the dissemination of management experience from abroad.

65. In conclusion, he hoped for UNIDO's continuing support for the projects put forward by his country, both in their preparation and in their execution.

66. Mr. POPESCU (Romania) commended UNIDO's performance with respect to programme and project development, promotion of industrial investment, development and transfer of technology, industrial rehabilitation, small- and medium-scale enterprises and human resources development. On the other hand, his delegation had been concerned to hear of the severe cash-flow problems and the decline in technical cooperation activities. It was therefore encouraging to note that attention was being focused on the development of integrated programmes of technical cooperation designed to attract foreign investment, including advice on policy and legislation, improvements in the investment structure, and the strengthening of investment promotion agencies and related institutional mechanisms.

67. In Romania, UNIDO's proposed programme for the mobilization of foreign investment resources involving the establishment of an investment promotion centre in the Bucharest office of the Joint UNIDO-Romania Centre was viewed as a top priority. Romania was also interested in UNIDO assistance for the promotion of investment projects in the Black Sea region.

68. He reminded the Board of the request to the Director-General at the fifth session of the General Conference to mobilize additional extrabudgetary resources for investment promotion programmes on behalf of countries with economies in transition.

69. Referring to the UNIDO Conference on Ecologically Sustainable Industrial Development and to Agenda 21 adopted at the Rio Conference, he noted the special importance of the joint UNIDO/UNEP programme for the establishment of national cleaner production centres. His delegation welcomed UNIDO's proposal to add to the Global Environment Facility project on the Black Sea environment a new dimension aimed at promoting cleaner production technologies in the Black Sea countries. UNIDO's approach had also been favourably received by the participants at the recent Crans Montana Forum in Bucharest.

70. His delegation hoped to see the proposed Black Sea and Mediterranean international network for clean technology transfer in place and operational as soon as possible.

71. The transition to a market economy in Romania had proved far more difficult and costly than expected. "Shock therapy" had proved an illusion: the restructuring and modernization of industry would take a long time to bear fruit. Industrial production was still at about 50 per cent of its 1989 level, and unemployment was running at over 10 per cent, with women accounting for 60 per cent of that figure. To make matters worse, Romania was losing billions of dollars as a result of the Security Council sanctions imposed on the Federal Republic of Yugoslavia (Serbia and Montenegro). Industry accounted for 65 per cent of that loss. Worst hit were the petrochemical, machine-building, steel and metallurgy industries.

72. Government action to remedy the situation had involved harmonizing macroeconomic stabilization policies with the structural adjustment policy, keeping social costs at a rational level and accelerating the pace of privatization of industry and the development of small and medium-size industrial units. The recently established Romanian Agency for Restructuring had introduced specific measures for the sectoral restructuring of industry.

73. On the positive side, GDP had increased for the first time in three years in 1993 - by 1 per cent compared with 1992. That trend had continued into 1994 with increases of 1.7 and 2.1 per cent respectively in January and February.

74. He stressed that external assistance for the transitional economies was not a question of charity, but an essential way of ensuring stability in countries in which the international community had a direct interest. Quoting from the Yaoundé Declaration, which had encouraged UNIDO to strengthen its capabilities to act on behalf of those economies, he suggested that a special programme be launched for that purpose.

75. His Government believed that UNIDO should initiate a special programme of industrial assistance for the countries affected by sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro). An independent UNDP consultant had carried out an evaluation survey according to which Romania was entitled to compensation from the international community, inter alia in the form of technical assistance and programmes for specific branches of industry.

76. In 1993 Romania had benefited from 11 technical cooperation projects, either operational or approved and financed from various sources. Of special importance was the UNDP-financed project, with cost-sharing by the Netherlands, for the creation of a national network of centres to promote small- and medium-scale private enterprises, which was being executed by UNIDO.

77. The 1993 programme of work of the Joint UNIDO-Romania Centre had been fully implemented and the 1994 programme was due to be approved at the forthcoming session of the Joint Committee in Bucharest.

78. Despite its financial difficulties, his Government had increased its contribution to the Industrial Development Fund (IDF) by almost 200 per cent in 1993 and had increased the amount pledged by a further 270 per cent in 1994. His delegation was pleased to note that the total value of projects approved under the special-purpose and general-purpose non-convertible segment of the IDF had come to over $1.5 million in 1993 and that human resource development, small- and medium-scale industries and the development and transfer of technology had been given priority.

79. The Romanian delegation supported the policy framework of UNIDO (IDB.12/5). It was to the credit of the Director-General that in a difficult period of transition for the Organization he had made improvements in management that had paved the way for a new organizational structure and efficient operating procedures. The overall success of the reform process depended on the support offered by both donor and recipient countries.

80. Mr. AL-NOWAISER (Saudi Arabia) commended UNIDO for its achievements in 1993 under difficult circumstances and in a rapidly changing world. UNIDO's role on behalf of the developing countries and in particular the LDCs was of crucial importance in getting them started on the road to a better economic and industrial future and a higher standard of living. His delegation wholeheartedly supported those efforts and UNIDO's cooperation with relevant national, regional and international bodies in pursuit of the priority goals it had set itself.

81. The developing countries depended on UNIDO to provide the technical assistance they needed for industrialization on a low-cost and environmentally sound basis. The technology provided should correspond to their infrastructure and local circumstances. It was also important to provide appropriate technical training. Saudi Arabia was one of UNIDO's major voluntary donors for projects in those areas.

82. It was essential to strengthen economic and technical cooperation among developing countries in order to foster industrial development. His delegation supported UNIDO's action to promote investment, technology transfer and the development of relevant regional and subregional programmes and to mobilize the requisite financial resources. It was important to draw on national expertise and on local services and materials in developing countries for those projects.

83. Expressing regret at the decline in the number of projects implemented in the Arab world, he urged UNIDO to increase and expand its cooperation with the Arab States. He hoped that the unit reponsible for the Arab programme in the Secretariat, the staff of which should ideally be familiar with the Arab world, would give more attention to the programme for industrial development in the Arab countries and for assistance to Palestinians in the occupied territories. He urged UNIDO to provide for coordination with national and regional bodies responsible for industrial development in the Arab States in making preparatory studies and drawing up operational plans for the development of both private and public cooperation in the industrial and economic fields.

84. UNIDO had made commendable progress since the Yaoundé Conference in increasing the efficiency of the Organization, inter alia through basic changes

in the administrative structure. His delegation attached particular importance to fuller representation for the developing countries in both administrative and technical posts in the Secretariat.

85. Mr. KOUAME (Côte d'Ivoire) said that his delegation was fully satisfied with the contents of the Director-General's excellent report on the activities of UNIDO in 1993. It had entire confidence in his ability to translate his ideas into action. It also commended him for the quality of the other documents placed before the Board.

86. Having recently been elected to the Board, his country was able to participate straight away in monitoring the implementation of the decisions adopted at the fifth session of the General Conference and in evaluating the steps taken to restructure the Organization and to plan action for speeding the industrialization of the developing nations, and especially that of the least developed countries.

87. The world economic crisis had greatly aggravated the already precarious situation of the developing countries; those in Africa were beset with problems such as heavy indebtedness, deterioration in their terms of trade and the fall in the prices of primary commodities, not to mention poverty and disease. The devaluation of the CFA franc complicated even further the economic problems of African countries, which exported very few agricultural and food products and no industrial goods at all. UNIDO would certainly play a useful part in promoting industrial development that would enable the nations of Africa to process their raw materials locally. In the case of his own country, it had done so already, with its substantial contribution to the economic recovery programme introduced by the Government in 1990, a programme which laid special emphasis on the industrial sector.

88. His country looked to the Organization for support in the following areas: finalizing investment studies and plans for the organization at the national or subregional level of an investment forum with participation by all countries, including those in eastern Europe and the more advanced countries of Asia and Latin America; preparing a study on the effects of the devaluation of the CFA franc on industrialization in African countries, with a view to the subsequent mobilization of financial resources from development finance institutions on an urgent basis; and the redeployment of activities to promote small and medium-sized enterprises and industries.

89. In conclusion, his delegation hoped that a UNIDO Country Director would be appointed to Abidjan as quickly as possible.

90. Mr. YIMER (Ethiopia) said that the decisions taken at the fifth session of the General Conference had far-reaching implications for the future of UNIDO. Although it was too early to make a full assessment of their implementation, his delegation was glad to see the important steps already taken to that end by the Director-General, which augured well for the Organization's future. He commended the Director-General for his statement at the opening meeting of the Board's present session and for the information given in the annual report on the activities of UNIDO in 1993. He hoped that future annual reports would be more succinct and more analytical.

91. With regard to the Organization's implementation of the programme for the Second Industrial Development Decade for Africa, and the programme for the least developed countries, greater help should be given to African countries in general and to the least developed countries in particular. His own country, for example, needed assistance in order to adapt itself to fundamental socio-economic changes, alleviate poverty and improve living standards. It was encouraging that the Director-General had recognized such needs in his opening statement and envisaged taking the necessary steps to meet them.

92. In view of the continuing fall in funding for UNIDO from UNDP, he hoped that donor Governments and organizations would increase their contributions to UNIDO's operational budget so as to enable it to provide developing nations, and especially the least developed countries, with the services they sought. As acknowledged by the Director-General in paragraph 4 of his report on industrialization of the least developed countries in the 1990s (IDB.12/6), a priority area of assistance for those countries was the mobilization and development of their human resources, steps which were a crucial factor in promoting sustained and self-reliant socio-economic development. The report also recognized that equitable development through industrialization would help to alleviate poverty and create opportunities for all sections of society. The Organization should do its utmost to promote it.

93. His delegation approved the steps planned for UNIDO's technical cooperation activities, as set out in paragraph 7 of the Director-General's report on the subject (IDB.12/8). Document IDB.12/CRP.1 gave useful details of the technical cooperation projects approved and/or operational in 1993, but only in the form of a list; he hoped that in future the document could be expanded to include analytical information.

94. His delegation approved the steps taken by the Director-General to implement the decisions of the Yaoundé Conference with regard to the restructuring of UNIDO. It nevertheless emphasized the need to correct the regional imbalance in staffing, particularly at senior levels, in order to give greater representation to African countries.

95. The successful conclusion of the Yaoundé Conference had given the Organization a new lease of life. His delegation pledged its full support for the Director-General in improving UNIDO's ability to promote the industrialization of the developing countries. It appealed to the international donor community to increase the resources at the Organization's disposal.

96. Mr. STEFEC (Observer for the Czech Republic) referred to the issue dealt with in paragraph 7 (a) of the Director-General's report on UNIDO technical cooperation activities in 1993 (IDB.12/8), namely, the determination by the Secretariat of the areas of concentration and related conceptual frameworks which were needed to promote the achievement, at the country level, of the five development objectives forming the basis of the policy framework and organizational and staff structure of UNIDO approved by the General Conference at its fifth session in operative paragraph 1 of its resolution GC.5/Res.18. Those objectives were enumerated in paragraph 39 of document GC.5/23. To translate them into action, UNIDO needed to complement its organizational restructuring, a

process largely completed, with a further process which he would describe as "activity restructuring". That should contain three main elements: balancing the promotion of new ideas against responses to requests for support; maintaining a well-proportioned system of operations which allowed room for imagination as well as the ability to cater for new concepts on the one hand and emergencies on the other; and both providing and accumulating information, but without being burdened with an insupportable mass of data. The backbone of the activity restructuring process should be unbureaucratic teamwork which aimed at combining the best possible professional knowledge available within the Organization; if successful, the process would sustain UNIDO's professional image and give it a new corporate identity.

97. The Director-General had succeeded in imbuing the Organization's executives with a new spirit and providing its units with new terms of reference; those needed to be translated into practical results in the field. The detailed determination of UNIDO's areas of concentration should balance the demand for services from Member States against UNIDO's actual and potential capacity to provide them, and it should also take account of the developmental effectiveness of different kinds of services.

98. In deciding on priorities in technical cooperation activities, attention should be paid to the following criteria: the importance of technological development - including the applications, adaptation and impact of technology - and of development of human resources; the greater impact of support for the development of indigenous capabilities - rather than support for individual enterprises - which should be directed primarily towards the formulation of industrial policy and the development of institutional infrastructure, including institutions concerned with training, quality control, industrial consultancy and technological information; and the need to focus support on areas in which the market, as the main driving force behind technological development, was either insufficiently developed or neglectful of non-economic objectives such as environmental sustainability, the improvement of living standards of the underprivileged, including the population of the least developed countries in general, and the expansion of small and medium-sized enterprises and industries.

99. Support from UNIDO in building national capacity for addressing environmental problems should include assistance in the adoption of cleaner methods of production. In the area of technological information, the Organization should concentrate on monitoring international, regional and local databases rather than attempt to maintain too large a database of its own.

100. The results of the determination of UNIDO's areas of concentration could be usefully augmented by suitable coordination with industry, with other multilateral agencies and with bilateral agencies. His delegation looked forward to the submission to the Board, at its next session, of a separate report on the activity restructuring process.

101. Mrs. ROBERT (Switzerland) expressed her delegation's satisfaction with the progress of restructuring and the improvement of UNIDO's internal procedures, which were bound to enhance the quality of the Organization's services. However, there were instances of duplication: for example, the Environment and Energy Branch was responsible for devising programmes for the transfer of "green" technology, an activity which could hardly be distinguished from the transfer of technology in general. The Branch in question should deploy the various techniques already developed by UNIDO in that field before devising its own. It should focus on identifying the industrial sectors in which the environmental impact was the most marked. She welcomed the development of country strategies to bring together all UNIDO activities in any particular country, but information about the development of the strategies was insufficient and did not identify the parts of the Secretariat involved in the process, or the other organizations in the United Nations system which played a part. Nor was there any mention in the documentation of the World Bank or of the regional development banks, all of which played an important role in the industrialization of the developing countries. It was important for UNIDO to collaborate with those institutions and with the new International Trade Organization. All too often, UNIDO had failed to take into account the absorption capacity of both international and national markets, and collaboration with ITO should ensure that products generated by the strategies would find outlets.

102. Turning to the question of project quality, she expressed her delegation's satisfaction with the steps taken to improve quality, especially through staff management training by objectives and the establishment of a Programme and Project Review Committee. The new committee would not of course be able to review all projects, but it would be highly desirable for the same method to be used for all new and continuing projects and for their evaluation. That method, which had been developed by UNDP, had proved its worth in all United Nations institutions. She concluded by saying that the spirit of frankness which characterized the report of the Organization for 1993 was sound evidence of the new atmosphere prevailing in the Organization.

103. Mr. RITCH (United States of America) said that his delegation had been gratified to learn of the constructive steps taken by the Director-General to revitalize the Organization in accordance with the mandate given him by the General Conference at its fifth session. They marked a welcome departure from the earlier situation of recurring complaints that UNIDO had lost touch with the needs of developing countries and the concerns of potential donors. His delegation looked forward to further such steps in the months ahead.

104. His Government supported the Director-General in his efforts to do whatever was necessary to build a new and efficient UNIDO. Having reorganized the staff structure, the Director-General could now turn his full attention to reforming UNIDO's substantive operations in accordance with the priorities approved at the Yaoundé Conference, a process which should emphasize quality, relevance to the recipient and cost effectiveness. The Secretariat should ensure that all the Organization's projects were environmentally sound and contributed economically to sustainable growth. His delegation hoped to see evidence at the next session that substantive reform had resulted in programme and project improvement. It welcomed the 1993 annual report and looked forward to even more

succinct annual reports in the next biennium. It was also pleased to read, in the Director-General's report on technical cooperation activities in 1993 (IDB.12/8), of the first steps taken to reorient UNIDO's work and improve its quality control. As funds from sources such as UNDP continued to shrink, the Organization would need to undertake fewer projects and execute them better if it was to find its niche in the world of economic development.

105. His delegation advocated the greatest possible economy in the cost to UNIDO of staff travel and associated itself with the remarks made on that point by the representative of India earlier in the meeting. He awaited the management's considered recommendations on the subject.

106. His country, as a supportive critic of UNIDO, was prepared to assist in the process of improving the Organization.

107. Mr. AL-MUTOTEH (Kuwait) commended the Director-General on the results achieved by UNIDO in 1993. The Organization should increase its action to transfer technology to developing countries, as well as its other activities, to a level that was commensurate with their needs. His delegation approved of UNIDO's work in promoting investment and mobilizing resources and emphasized the importance of using national experts and local equipment in its activities. It hoped that the number of projects executed in Arab countries would increase, especially in the area of cooperation among them in public and private industry. The subprogramme for the Arab countries should be strengthened through the participation of officials from those countries, a step which would greatly enhance the effectiveness of UNIDO's work.

108. With regard to the Director-General's bulletin on guidelines for the management of UNIDO's services (UNIDO/DG/B.177), his delegation approved the guidelines in principle, but stressed the importance of holding an adequate number of briefings on national programmes in consultations between UNIDO and the countries concerned. His delegation congratulated the Director-General on the successful implementation of the resolution adopted by the Yaoundé Conference on the future policy framework of UNIDO and its organizational and staff structure (GC.5/Res.18). It stressed the need to ensure that the principle of equitable geographical distribution of posts, especially at senior levels, was respected in any reform of the manning table. His delegation supported the proposals made in regard to home leave travel with a view to cutting costs.

109. Mr. PUIG PINO (Cuba) said that the international situation continued to be inimical to most developing countries by depriving them of vital economic and political sustenance. Although some developing countries had achieved relative economic progress, that progress was at the mercy of persistently adverse trends in the world economy. Huge social inequalities remained. Against a background of economic uncertainty and shortage of financial resources, it was gratifying to note from the Director-General's opening statement that UNIDO's financial situation had somewhat improved. His delegation had confidence in the new management and welcomed the steps taken to shape the Organization's future along the lines set out at the Yaoundé Conference.

110. His delegation was gratified at the contents of the Director-General's report on UNIDO's work in 1993. His own country had benefited from increased advice from the Organization in solving problems in the pharmaceutical, sugar, mining and energy industries. Satisfactory progress had been achieved in regional capital goods and subcontracting projects assisted by UNIDO.

111. His delegation approved the steps taken and the action planned in regard to UNIDO's technical cooperation activities, as described in the Director-General's report on that subject (IDB.12/8). It took the view that improvements in the quality management of those activities called for a fairly urgent review of the Organization's financial mechanisms and its entire budgetary apparatus with the aim of increasing the effectiveness of its technical assistance and enabling it to attract external resources.

112. His delegation welcomed the steps taken by the Director-General to restructure the Organization along the lines laid down by the General Conference in resolution GC.5/18. It urged that UNIDO's activities be strengthened at the base, which was the level at which developing countries' industrialization problems were properly understood. He endorsed the observations made by the President at the 1st meeting with regard to the technological and financial penury of the developing countries. UNIDO must come closer to the realities of industrial development, and to those responsible for it, in the countries it assisted. His Government therefore welcomed the idea that the Organization should be represented in Cuba. In conclusion, he reiterated his delegation's support for the Organization's programmes and its new management.

The meeting rose at 1 p.m.